95-734

Supreme Court, U.S.
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IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1995

Docket No. 95-734

DONALDSON COMPANY, INC.,

Petitioner,

v.

NELSON INDUSTRIES, INC.,

Respondent.

On Petition for Writ Of Certiorari
To the Court of Appeals
For the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

(1) Whether the District Court correctly found as a matter of fact that Donaldson's counsel stipulated to submission of representative claims to the jury.

(2) Whether a Court of Appeals must issue a written decision when summarily affirming a District Court judgment.

PARTIES TO THE PROCEEDING

All of the parties to the proceeding in the District Court and in the Court of Appeals are listed in the caption of the case. Pursuant to Supreme Court Rule 29.6, Nelson states that it has no parents, subsidiaries (except wholly owned subsidiaries), or affiliates which are publicly owned.

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RESPONDENT'S BRIEF IN OPPOSITION

TO THE HONORABLE SUPREME COURT:

The Respondent, Nelson Industries, Inc., respectfully requests this Court to deny the petition for a writ of certiorari submitted by Petitioner, Donaldson Company, Inc.

OPINIONS BELOW

The District Court entered judgment on the jury's verdict of non-infringement and invalidity of representative claims of Donaldson's U.S. Patent No. 4,929,292 ("'292 Patent").

The District Court denied Donaldson's post-verdict motions for judgment as a matter of law and alternatively for a new trial. The District Court's unpublished Memorandum and Order is reprinted in the Petitioner's Appendix at pages A-3 to A-16.

The Court of Appeals for the Federal Circuit affirmed the District Court's amended judgment on August 3, 1995, without a written memorandum decision. See Petitioner's Appendix at page A-1.

STATEMENT OF JURISDICTION

The Supreme Court has jurisdiction to consider this petition under 28 U.S.C. § 1254(1).

The Court of Appeals for the Federal Circuit had jurisdiction based on 28 U.S.C. § 1295(1).

The District Court had jurisdiction pursuant to 28 U.S.C. § 1338(a) and 2201.

STATUTES AND RULES INVOLVED

1. Sup. Ct. R. 10. Considerations Governing Review on Certiorari.

> Review on a writ of certiorari is not a matter of right, but of judicial discretion. A petition for a writ of certiorari will be granted only for compelling reasons. The following, although neither controlling nor fully measuring the Court's discretion, indicate the character of the reasons the Court considers:
>
> > (a) A United States Court of Appeals has entered a decision in conflict with the decision of another United States Court of Appeals on the same important matter; has decided an important federal question in a way that conflicts with the decision by a state Court of last resort; or has so far departed from the accepted and usual course of judicial proceedings, or sanctioned such a departure by a lower Court, as to call for an exercise of this Court's supervisory power;
> >
> > (b) A state Court of last resort has decided an important federal question in a way that conflicts with the decision of another state Court of last resort or of a United States Court of Appeals;

> (c) A state Court or United States Court of Appeals has decided an important question of federal law that has not been, but should be, settled by this Court, or has decided an important federal question in a way that conflicts with relevant decisions of this Court.

A petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule.

STATEMENT OF THE CASE

Nelson commenced this action seeking a declaration of invalidity and non-infringement of Donaldson's '292 Patent. Donaldson counterclaimed against Nelson alleging infringement of the '292 Patent. The parties then tried the case to a seven person jury, including issues of invalidity and noninfringement.

Donaldson proposed during trial that the validity of only the '292 Patent claims allegedly infringed should be determined by the jury. Nelson objected to Donaldson's attempt to limit the claims at risk. (A. 745-750) Nelson relied on the Supreme Court's decision in Cardinal Chemical Co. v. Morton International, Inc., 508 U.S. ___, 113 S.Ct. 1967, 124 L.Ed.2d. 1 (1993), which holds that a declaration of invalidity may proceed in spite of non-infringement because of the public interest implicated. The District Court then refused to limit the '292 Patent claims at risk.

The parties subsequently discussed the special verdict form with the District Court on the last day of trial. The Court expressed concern as to the practicality of a verdict form with specific validity questions for each of the '292 Patent claims. Nelson's counsel agreed to limit the verdict form to include independent claims 11 and 24. (A. 1114-1115.) The District Court, however, advised that such a verdict form would require a stipulation by both

parties pursuant to a 1993 decision of the Court of Appeals for the Federal Circuit. (A. 1115.) The District Court explicitly referenced the Federal Circuit's decision in Miles Laboratory, Inc. v. Shandon, Inc., 997 F.2d. 870 (1993), before instructing the jury. (A. 1207.) Donaldson's counsel and Nelson's counsel accepted the proposed stipulation. (A. 1114-1115.)

The jury returned a verdict finding representative claims 11 and 24 to be invalid and non-infringed. The District Court then entered judgment on the jury's verdict, including invalidity of all the claims of the '292 Patent, based on the representative claims. Donaldson subsequently requested the Court to amend the judgment to provide that only claims 11 and 24 of the '292 Patent are invalid.

The District Court rejected Donaldson's motion to amend the judgment, finding that Donaldson stipulated, as a matter of fact, that claims 11 and 24 were representative claims and that the validity determination as to the representative claims would resolve all other claims as well. (Petitioner's Appendix at A-14.) The Court explicitly relied upon and applied the reasoning of the authority cited by Donaldson, i.e., Miles Laboratory, Inc. v. Shandon, Inc., 997 F.2d. 870, 878-879 (Fed. Cir., 1993). "Examining the facts and circumstances surrounding the issue the Court finds that the Defendant did so stipulate, that claims 11 and 24 were representative claims and that all claims have therefore

been found invalid." (Petitioner's Appendix at Page A-14.)

The District Court recognized that Donaldson's post-verdict motion to amend the judgment depended on whether Donaldson stipulated, as a matter of fact, to the submission of representative claims to the jury. The Court considered the circumstances surrounding Donaldson's stipulation in order to determine the intent of the parties. The Court did not hold that Donaldson's stipulation was unnecessary, but instead, found that Donaldson had so stipulated. The District Court's decision considered this issue as follows, at Page A-16 of Petitioner's Appendix:

> As a result of this conference the special verdict was amended to refer only to claims 11 and 24. Defendant now contends that it had no intent to stipulate that 11 and 24 would be representative claims, it simply believed that Plaintiff was no longer pursuing a finding of invalidity as to the dependant claims not listed.
>
> The Court finds this argument untenable. There is no indication that Plaintiff intended to abandon its claim for declaratory judgment as to all claims of the patent. If it had so determined it would not have required a stipulation from the Defendant to pursue only the independent claims. Plaintiff could simply have said, "Your Honor, we no longer pursue a determination of invalidity as to the dependant claims." Accordingly, it would have

> been unusual to seek Defendant's stipulation to such a request.
>
> Furthermore, even if the Defendant had believed this was the intent at the beginning of the discussion, it should have been alerted by the Court's express requirement of the stipulation and reference to case law requiring such a stipulation. The Court's reference to Miles Laboratory, while somewhat vague, must certainly have alerted Defendant's counsel that the Court was contemplating the use of the independent claims as representative claims. At a minimum, Defendant would have been moved to seek clarification as to whether the claims were treated as representative claims pursuant to the stipulation. Under the circumstances, the Court finds without any question whatsoever that Defendant's counsel shared the understanding of the Court and Plaintiff's counsel that claims 11 and 24 were treated as representative of the remaining claims and so stipulated. (Emphasis supplied.)

Donaldson appealed the District Court's judgment to the Court of Appeals for the Federal Circuit. The matter was fully briefed by the parties and the Court of Appeals also held oral argument. The Court of Appeals then entered judgment, without opinion, summarily affirming the District Court judgment on August 3, 1995. (See Petitioner's Appendix at Page A-1.)

SUMMARY OF ARGUMENT

The parties and the District Court agreed on the principle of law applicable to Donaldson's post-verdict motion to amend the judgment. Under the Miles Laboratory decision, only the claims of the '292 Patent specifically addressed by the jury could be invalidated in the absence of a stipulation to submit representative claims for determination. Here, the District Court found "without any question whatsoever" that Donaldson's counsel did so stipulate to the submission of representative claims. The District Court's finding was not clearly erroneous. The District Court's decision further does not even purport to extend or modify the existing applicable law under Miles Laboratory. The District Court applied the law as urged by Donaldson and reached a correct decision based upon appropriate findings of fact. In these circumstances, review by the Supreme Court will not resolve any inconsistency in the law between the Courts of Appeals or settle unresolved questions of federal law. Donaldson merely asks this Court to review the District Court's factual finding that the parties stipulated to the submission of representative claims to the jury. Such a factual review is not an appropriate exercise of the Supreme Court's extraordinary review function.

ARGUMENT

I. DONALDSON'S PETITION FOR WRIT OF CERTIORARI DOES NOT MEET THE SUPREME COURT'S CRITERIA FOR REVIEW.

Donaldson does not present compelling reasons that would warrant the Supreme Court in issuing a writ of certiorari. Under Sup. Ct. R. 10, a writ of certiorari is only warranted in cases such as where a Court of Appeals' decision is in conflict with the decision of another Court of Appeals on the same important matter, or has decided an important federal question in a way that conflicts with the decision by a state Court of last resort. Other types of cases appropriate for Supreme Court review include those where a Court of Appeals has decided an important question of federal law that has not been, but should be, settled by the Supreme Court. A petition for writ of certiorari is almost never warranted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule.

Donaldson's petition for writ of certiorari attempts to camouflage the Petitioner's disagreement with a factual finding by the District Court, i.e., the Court's finding that Donaldson stipulated to the submission of representative claims to the jury. Donaldson disagrees with that finding by the District Court. Donaldson attempts to elevate this factual dispute into a constitutional issue by insinuating that the District

Court and the Court of Appeals applied a rule of law inconsistent with the controlling principles of Miles Laboratory and Panduit Corp. v. Dennison Manufacturing Company, 836 F.2d. 1329 (Fed. Cir. 1987). The District Court, however, explicitly applied the legal principle that Donaldson urges in this case. The parties further agreed upon the applicable legal principle in their arguments to the Court of Appeals. There is no reason to believe that the Court of Appeals ignored the controlling legal principles urged by the parties in affirming the District Court's judgment.

Donaldson sets up a straw man when requesting review by the Supreme Court. Donaldson argues that patent rights are property within the meaning of the due process clause of the United States Constitution; that each claim of a patent is a separate property right; that each claim of a patent is presumed valid independently of the validity of other claims; and that the parties must stipulate to the submission of representative claims in order to invalidate an entire patent without a declaration of invalidity as to each claim. Neither party disagrees with these principles and, in fact, the District Court applied exactly the test urged by Donaldson. The District Court only differed with Donaldson in its finding that the required stipulation was made and intended by Donaldson, as a matter of fact.

The parties do not disagree on the applicable law. The District Court did not misapply the law as stated by the parties. The District Court did not purport to extend or to modify the law urged by the parties when resolving Donaldson's post-verdict motion to amend the judgment. Donaldson's petition for a writ of certiorari, therefore, is not based on any difference of opinion between the parties or the Courts as to any matter of federal law, nor does a difference of opinion exist between different Courts of Appeals.

Donaldson only wants the Supreme Court to review the District Court's finding of fact that Donaldson actually stipulated to the submission of representative claims. Such a review of the District Court's factual determination, which must be upheld unless clearly erroneous, is not a useful or appropriate function of the Supreme Court's extraordinary review function.

II. THE DISTRICT COURT CORRECTLY FOUND AS A MATTER OF FACT THAT DONALDSON STIPULATED TO THE SUBMISSION OF REPRESENTATIVE CLAIMS TO THE JURY.

The District Court, on the merits, correctly entered judgment holding all claims of the '292 Patent to be invalid based on the jury's findings that representative independent Claims 11 and 24 of the Patent were obvious. In the absence of a stipulation, both parties and the District Court recognized that each claim of a patent in question must

be submitted to the jury for independent consideration. Donaldson's denial of any stipulation is untenable in light of the stipulation made in open Court, after the District Court explicitly required that all of the claims must be submitted, under the applicable Federal Circuit precedents, in the absence of a stipulation. (A. 1115.) The District Court highlighted and anticipated precisely the issue that Donaldson now raises. The exchange between the Court and counsel on the fourth day of trial establishes without question the knowing stipulation entered into by Donaldson's experienced trial counsel. (A. 1114-1115.) The Court, in fact, later explicitly cited the Miles Laboratory decision, before closing arguments. (A. 1207.)

The Federal Circuit Court of Appeals has already recognized in Miles Laboratory, 997 F.2d at 878-879, that "where the parties stipulate to 'representative' claims . . . a validity resolution for the representative claims applies to the other claims as well." In the absence of such stipulation, 35 U.S.C. § 282 does require an independent analysis of the validity of each claim. Ortho Pharmaceutical Corp. v. Smith, 959 F.2d 936, 942 (Fed. Cir. 1992). The District Court in the present case was clearly aware of the Miles Laboratory decision and the requirement of a stipulation by the parties before submitting less than all of the claims in suit to the jury for adjudication. (A. 1115, 1207.)

The present case is very similar to Panduit, 836 F.2d at 1330-1331. That case required the interpretation of a pretrial stipulation of the parties where only limited claims would be submitted to the jury. In Panduit, counsel stipulated that representative claims would be submitted, after which the losing party argued that the jury's determination was not controlling on claims that were not specifically submitted. The Federal Circuit described counsel's argument in Panduit as "to say the least, disappointing." Id. at 1331.

Here, the parties' stipulation, as the District Court found, was clearly understood by the parties, their counsel, and the Court, to mean that independent claims 11 and 24 of the '292 Patent would represent all of the claims in the case and whatever result the jury reached on those claims would be the result for all claims. (A. 23.) Donaldson's present argument to the contrary is unfounded. Donaldson argues that it interpreted the stipulation, made in open Court, to merely constitute a withdrawal of 38 of the 40 claims in issue, so as to leave unresolved the validity of those remaining claims. This argument is unreasonable in light of the District Court's explicit reference to precedents requiring a stipulation by the parties to submit less than all the claims in issue to the jury. Nelson, moreover, had strenuously argued for determination of all claims, including those claims not alleged to be infringed. (A. 745-750.)

If, in fact, Nelson proposed merely to withdraw 38 of the claims in suit, then no stipulation by the parties would have been necessary; after Nelson's counsel agreed to submit only the Independent Claims 11 and 24 to the jury for the determination of validity, no stipulation by Donaldson's counsel would have been necessary in order to limit the claims for adjudication. On the contrary, however, the District Court indicated that a stipulation was necessary, and, in the circumstances, the Court and the parties clearly understood that representative claims were being submitted to the jury.

Any secret contrary intent by Donaldson, moreover, provides an unavailing basis for relieving Donaldson from its stipulation. The parties' "meeting of the minds" is fully evidenced, as recognized by the District Court, from the objective circumstances of Donaldson's assent. The question of Donaldson's intent in entering into the stipulation presents a question of fact that the Court resolved against Donaldson based upon the evidence and circumstances of the stipulation. That finding of fact is not clearly erroneous, and, on the contrary, is supported by substantial and compelling evidence.

III. THE COURT OF APPEALS WAS NOT REQUIRED TO ISSUE A WRITTEN MEMORANDUM DECISION WHEN SUMMARILY AFFIRMING THE DISTRICT COURT'S JUDGMENT.

Donaldson unpersuasively urges this Court to issue a writ of certiorari in order to assure that the Court of Appeals' affirmance of the District Court judgment, without a written opinion, is not construed as a repudiation, extension, or modification of the rule in Miles Laboratory and Panduit.

Assuming that any party or Court was even aware of the Court of Appeals' affirmance, without written decision, of an unpublished District Court opinion, and attempted to rely upon it, that party would also be aware that the District Court found as a matter of fact that Donaldson actually stipulated to the submission of representative claims; anyone reading the District Court's unpublished opinion, therefore, would not conclude that the District Court intended any repudiation, extension or modification of the Miles Laboratory principle requiring a stipulation.

Donaldson also unpersuasively argues that the Federal Circuit erred under Federal Circuit Rule 36 by not issuing a written decision. Donaldson alleges that a written opinion affirming the District Court's judgment would have had precedential value. On the contrary, however, Donaldson's assumption that the Federal Circuit's basis for decision

would have had precedential value is inconsistent with the information available to the Court of Appeals. The District Court recognized that the parties must stipulate to submit representative claims to the jury, but also found as a matter of fact that Donaldson did so stipulate. The Federal Circuit's affirmance of the District Court judgment, therefore, accepted the District Court's application of the settled law to a factual finding that was not clearly erroneous. A written decision by the Federal Circuit stating that a stipulation was necessary under the Miles Laboratory and Panduit decisions would not be breaking new ground. Similarly, the Court's affirmance of the District Court's factual finding that such a stipulation was made would have no precedential value.

The Supreme Court has recognized that the Courts of Appeals "have wide latitude in their decisions of whether or how to write opinions. That is especially true with respect to summary affirmances." Taylor v. McKeithen, 407 U.S. 191, 194, n. 4 (1972). By contrast, the Supreme Court has only reversed and remanded for a written opinion where the Court of Appeals summarily reversed a District Court judgment despite contrary factual findings. Where the Court of Appeals summarily affirms a District Court, it may be inferred that the Court accepted and agreed with the District Court's factual findings.

Donaldson's argument is without precedent, and, in fact, contrary to accepted precedent. As the Court of Appeals stated in King v. Champion, 55 F.3d 522, 526 (10th Cir. 1995), there is nothing inherently objectionable in summary opinions in unpublished cases. See also Furman v. United States, 725 F.2d 2631, 264-265 (2nd Cir. 1983) ("There is no requirement in law that a federal appellate Court's decision be accompanied by a written opinion . . . The fact that a disposition is by informal summary order rather than by formal published opinion in no way indicates that less than adequate consideration has been given to the claims raised in the appeal.")

Here, the Federal Circuit summarily affirmed the District Court's judgment, including the refusal to amend the judgment to limit invalidity only to Claims 11 and 24 of the '292 Patent. Before making its decision, the Federal Circuit received briefs from both parties agreeing that the submission of representative claims required a stipulation by the parties. The Federal Circuit also considered the differing arguments as to whether Donaldson intended to stipulate, as a matter of fact, to the submission of representative claims. The Court further considered the District Court's factual finding that Donaldson had so stipulated "without any question whatsoever." Based on the District Court's undisputedly correct recitation of the applicable law, and the District Court's predicate factual

finding, the Federal Circuit's summary affirmance would not have established new precedent and a written opinion was not necessary.

CONCLUSION

The Respondent, Nelson Industries, Inc. prays that this Court deny Donaldson's petition for writ of certiorari because the case presents no issue appropriate for the Court's review, and because the District Court's factual findings were not clearly erroneous.

Respectfully submitted this 1st day of December, 1995,

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